

ORIGINAL



0000149180

MEMORANDUM
RECEIVED

2013 OCT 29 P 3:03

TO: Docket Control

FROM: Steven M. Olea
Director
Utilities Division

AZ CORP COMMISSION
DOCKET CONTROL

DATE: October 29, 2013

RE: IN THE MATTER OF THE JOINT APPLICATION OF WHOLESALE CARRIER SERVICES, INC. AND DIGIZIP.COM, INC. FOR APPROVAL OF AN ASSET PURCHASE AGREEMENT.
(DOCKET NOS. T-04110A-13-0097 & T-04273A-13-0097)

Attached is the Staff Report for the above referenced application. The applicant is applying for approval to cancel its Certificate of Convenience and Necessity ("CC&N") to provide the following service:

- Resold Long Distance Telecommunications Services

Staff recommends cancellation of the CC&N.

SMO:LLM:tdp|MAS

Originator: Lori L. Morrison

Arizona Corporation Commission

DOCKETED

OCT 29 2013

DOCKETED BY

SERVICE LIST FOR: WHOLESALE CARRIER SERVICES, INC. AND DIGIZIP.COM, INC.
DOCKET NOS.: T-04110A-13-0097 & T-04273A-13-0097

Mr. Leon L. Nowalsky
Legal Counsel for Wholesale Carrier Services, Inc. and Digizip.com, Inc.
Nowalsky, Bronston & Gothard
1420 Veterans Memorial Blvd.
Metairie, Louisiana 70005

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

WHOLESALE CARRIER SERVICES, INC. AND DIGIZIP.COM, INC.
DOCKET NOS. T-04110A-13-0097 & T-04273A-13-0097

IN THE MATTER OF THE JOINT APPLICATION OF WHOLESALE CARRIER SERVICES,
INC. AND DIGIZIP.COM, INC. FOR APPROVAL OF AN ASSET PURCHASE
AGREEMENT

OCTOBER 29, 2013

STAFF ACKNOWLEDGEMENT

The Staff Report for the application of Wholesale Carrier Services, Inc. and Digizip.com, Inc., Docket Nos. T-04110A-13-0097 and T-04273A-13-0097, for approval to cancel Digizip.com's Certificate of Convenience and Necessity was the responsibility of the staff member listed below. Lori Morrison was responsible for the review and analysis of the application.

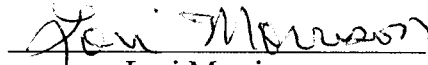

Lori Morrison
Utilities Consultant

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION.....	1
BACKGROUND	1
STAFF'S ANALYSIS	1
RECOMMENDATION.....	2

INTRODUCTION

On April 8, 2013, Wholesale Carrier Services, Inc. ("WCS") and Digizip.com, Inc. ("Digizip.com") (jointly, "the Parties") submitted a letter advising the Commission of an Asset Purchase Agreement (the "Agreement") whereby WCS would acquire substantially all the assets of Digizip.com, including but not limited to, Digizip.com's customer accounts. In addition, the Parties requested the relinquishment of Digizip.com's Certificate of Convenience and Necessity ("CC&N") to provide resold long distance telecommunications services within the State of Arizona effective immediately.

The Public Utility Holding Companies and Affiliated Interests Rules apply to all Class A – investor-owned utilities (defined for telecommunications carriers as those that have Arizona jurisdictional annual revenues of more than \$1 million). Based on Staff's review of revenues reported in the 2012 Annual Reports on file with the Commission, WCS and Digizip.com are not Class A investor-owned utilities subject to the Commission's Affiliated Interest Rules. Therefore, no Commission action is required in terms of the Agreement. However, Commission action is required to cancel Digizip.com's CC&N to provide resold long distance telecommunications services in Arizona and to cancel Digizip.com's tariff.

BACKGROUND

On June 5, 2006, in Decision No. 68749,¹ the Commission granted Digizip.com a CC&N to provide resold long distance telecommunications services within the State of Arizona.

STAFF'S ANALYSIS

In its April 8, 2013 letter, the Parties state that WCS would acquire Digizip.com's customers. On October 9, 2013, in response to Staff Data Request ("SDR") STF 1.1(a) and (b), Digizip.com states that through attrition, its last customer left its network in late 2011 and there are no customers left in Arizona to possibly be transferred to WCS as a result of the Agreement. At Staff's request, in response to SDR STF 1.1(d), Digizip.com submitted an affidavit attesting that it has no customers for intrastate telecommunications services in Arizona. As Digizip.com has no customers, it requests² a waiver of the notice requirements in Arizona Administrative Code ("A.A.C.") R14-2-1107(A)(2). Digizip.com has affirmed, in response to SDR JFB 1.2, that it did not collect advances, deposits, and/or prepayments from customers in Arizona.

The Consumer Services Section of the Utilities Division reports that there have been zero (0) complaints, inquiries, or opinions against both companies from January 1, 2010 to April 10, 2013. According to the Corporations Division, WCS is in good standing. However, Digizip.com failed to file a 2013 Corporations annual report. Both companies' 2012 utility

¹ Docket No. T-04273A-04-0609.

² Response to SDR STF 1.1(e).

annual report are currently on file with the Commission. The Compliance Section reports that both companies are in compliance.

RECOMMENDATION

Digizip.com is not currently providing resold long distance telecommunications services to any customers in Arizona and it never collected deposits, advances or prepayments from Arizona customers. As such, Staff recommends approval of Digizip.com's request for a waiver of the requirement to publish notice contained in A.A.C. R14-2-1107(A)(2). Staff further recommends that Digizip.com's CC&N to provide resold long distance telecommunications services be cancelled. Upon cancellation of its CC&N, Digizip.com will no longer be authorized to provide resold long distance telecommunications services in Arizona. Therefore, Digizip.com will no longer be subject to the requirements of Decision No. 68749. In addition, Staff recommends approval of Digizip.com's request to cancel and withdraw its Arizona tariff.